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*Air Force Association  
American Ex-Prisoners  
of War  
American Legion  
AMVETS  
Association of the United  
States Army  
Disabled American  
Veterans  
Fleet Reserve  
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Korean War Veterans  
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Legion of Valor of the  
U.S., Inc.  
Marine Corps League  
Military Order of the  
Purple Heart  
Military Officers  
Association of America  
Military Order of the  
World Wars  
National Association for  
Uniformed Services  
Navy Seabee Veterans of  
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Non-Commissioned  
Officers Association  
Paralyzed Veterans of  
America  
Reserve Officers  
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Roanoke Valley Veterans  
Council  
Veterans of Foreign Wars  
Vietnam Veterans of  
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Virginia National Guard  
Association  
Women Marines  
Association*

Adopted  
July 11, 2012

## COMMONWEALTH OF VIRGINIA JOINT LEADERSHIP COUNCIL OF VETERANS SERVICE ORGANIZATIONS

### 2013 Position Paper

#### Sales and Use Tax Exemption for Veterans Service Organizations

1. **Objective:** To establish an exemption from the state and local Sales or Use Taxes for non-resale items in the Code of Virginia for nationally organized and recognized Veterans Service Organizations (VSOs).
2. **Background:**
  - The IRS exempts nationally organized and recognized VSOs from federal income tax under section 501(c)(19) of the Internal Revenue Code.
  - §58.1-609.11 of the Code of Virginia provides an exemption for sales or use taxes for entities exempt from federal income taxation under 501(c)(3) or 501(c)(4).
  - VSOs classified as 501(c)(19) perform essentially the same functions as those classified as 501(c)(3) or 501(c)(4). For example:
    - The VFW Congressional Charter establishes “charitable” as one of the purposes of the organization.
    - In 2010, the VFW Department of Virginia and Auxiliaries spent \$1,852,292 and donated 339,052 volunteer hours in support of numerous community and youth activities for the citizens of the Commonwealth.
    - Similarly, in 2010, the American Legion spent \$2,561,917 and donated 526,338 volunteer hours in support of community and youth service.
    - In the 2010-2011 year, the Paralyzed Veterans of America donated 13,637 hours in support of community service.
3. **Discussion:**
  - Given the level of community and youth service performed by VSOs as expressed in dollars and hours, VSOs should be accorded the same sales and use tax exemption as other 501(c)(3) and 501(c)(4) organizations.
  - An exemption would apply to all VSOs, but would primarily benefit VSO Posts/Chapters, etc. that own/operate a permanent facility.
  - An exemption would allow sales and use tax dollars currently spent on fuel, maintenance, cleaning, and other items not for resale to be spent on additional community and youth service programs.
  - The estimated exemptions would total approximately \$100,000.
  - Providing a sales and use tax exemption to VSOs will continue Virginia’s move toward becoming “the most veteran-friendly state in the nation” and put VSOs on an equal basis with 501(c)(3) and 501(c)(4) groups.
4. **Recommendation:** That the Governor and General Assembly establish a Sales and Use Tax Exemption for non-resale items in the Code of Virginia for nationally organized and recognized VSOs.